



ANNUAL STATEMENT

For the Year Ending December 31, 2005
of the Condition and Affairs of the

United HealthCare of Arkansas, Inc.

NAIC Group Code.....0707, 0707
(Current Period) (Prior Period)

NAIC Company Code..... 95446

Employer's ID Number..... 63-1036819

Organized under the Laws of Arkansas

State of Domicile or Port of Entry Arkansas

Country of Domicile US

Licensed as Business Type.....

Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized..... September 27, 1990

Commenced Business..... April 1, 1992

Statutory Home Office

415 North McKinley Street, Suite 300... Little Rock AR 72205
(Street and Number) (City, State and Zip Code)

Main Administrative Office

415 North McKinley Street, Suite 300... Little Rock AR 72205
(Street and Number) (City, State and Zip Code)

501-664-7700
(Area Code) (Telephone Number)

Mail Address

10 Cadillac Drive, Suite 200... Brentwood TN 37027
(Street and Number or P. O. Box) (City, State and Zip Code)

Primary Location of Books and Records

10 Cadillac Drive, Suite 200... Brentwood TN 37027
(Street and Number) (City, State and Zip Code)

615-372-3622
(Area Code) (Telephone Number)

Internet Website Address

www.uhc.com

Statutory Statement Contact

James Wesley Waters
(Name)
james_w_waters@uhc.com
(E-Mail Address)

615-372-3597
(Area Code) (Telephone Number) (Extension)
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(Area Code) (Telephone Number) (Extension)

Policyowner Relations Contact

6601 Centerville Business Parkway... Dayton OH 45459
(Street and Number) (City, State and Zip Code)

OFFICERS

Name	Title	Name	Title
1. Charles Brian Shipp	Chairman/President/Chief Executive Officer	2. Juanita Valarae Bolland Luis	Assistant Secretary
3. Robert Worth Oberrender	Treasurer		
OTHER			
Karen LaFrence Erickson	Vice President-Finance/Assistant Treasurer	David Scott Wichmann	Vice President/Assistant Treasurer
David James Lubben	Assistant Secretary	Timothy Gilbert Caron	Assistant Secretary
Mary Lynn Stanislav	Assistant Secretary	George Lawrence Mikan III	CFO,UnitedHealthcare/Assistant Treasurer
Michael John McDonnell	Secretary		

DIRECTORS OR TRUSTEES

David Scott Wichmann	Charles Brian Shipp	Michael Daniel Wolff
State of.....Tennessee County of.....Williamson	State of .....Minnesota County of.....Hennepin	State of.....Minnesota County of.....Hennepin

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)

Charles Brian Shipp

1. (Printed Name)

Chairman/President/Chief Executive Officer

(Title)

(Signature)

Juanita Valarae Bolland Luis

2. (Printed Name)

Assistant Secretary

(Title)

(Signature)

Karen LaFrence Erickson

3. (Printed Name)

Vice President-Finance and Assistant Treasurer

(Title)

Subscribed and sworn to before me

This _____ day of _____

Subscribed and sworn to before me

This _____ day of _____

Subscribed and sworn to before me

This _____ day of _____

a. Is this an original filing?

Yes [X] No []

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	6,356,024		6,356,024	11,390,930
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....(52,494), Sch. E-Part 1), cash equivalents (\$.....5,893,663, Sch. E-Part 2) and short-term investments (\$.....4,284,513, Sch. DA).....	10,125,682		10,125,682	8,591,419
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets (Schedule BA).....			0	
8. Receivables for securities.....			0	
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	16,481,706	0	16,481,706	19,982,349
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	81,987		81,987	144,194
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	27,875		27,875	365,804
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
13.3 Accrued retrospective premiums.....			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....			0	
14.2 Funds held by or deposited with reinsured companies.....			0	
14.3 Other amounts receivable under reinsurance contracts.....			0	
15. Amounts receivable relating to uninsured plans.....			0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....			0	174,986
16.2 Net deferred tax asset.....	80,351		80,351	62,318
17. Guaranty funds receivable or on deposit.....			0	
18. Electronic data processing equipment and software.....			0	
19. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	626,833		626,833	194,682
22. Health care (\$.....44,998) and other amounts receivable.....	96,815	44,998	51,817	
23. Aggregate write-ins for other than invested assets.....	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	17,395,567	44,998	17,350,569	20,924,333
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	17,395,567	44,998	17,350,569	20,924,333

DETAILS OF WRITE-INS

0901.....			0	
0902.....			0	
0903.....			0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301.....			0	
2302.....			0	
2303.....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	4,341,270		4,341,270	5,594,850
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....			0	
4. Aggregate health policy reserves.....	59,000		59,000	45,702
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....	184,162		184,162	209,348
8. Premiums received in advance.....	540,262		540,262	681,021
9. General expenses due or accrued.....	173,483		173,483	400,452
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	24,540		24,540	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....	3,063		3,063	1,700
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....			0	
16. Payable for securities.....			0	
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers).....			0	
18. Reinsurance in unauthorized companies.....			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Liability for amounts held under uninsured accident and health plans.....			0	
21. Aggregate write-ins for other liabilities (including \$.....0 current).....	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	5,325,780	0	5,325,780	6,933,073
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX	100,000	100,000
25. Preferred capital stock.....	XXX	XXX		
26. Gross paid in and contributed surplus.....	XXX	XXX	5,470,954	5,470,954
27. Surplus notes.....	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
29. Unassigned funds (surplus).....	XXX	XXX	6,453,835	8,420,306
30. Less treasury stock at cost: 30.1 .....0.000 shares common (value included in Line 24 \$.....0)..... 30.2 .....0.000 shares preferred (value included in Line 25 \$.....0).....	XXX XXX	XXX XXX		
31. Total capital and surplus (Lines 23 to 28 minus Line 29).....	XXX	XXX	12,024,789	13,991,260
32. Total liabilities, capital and surplus (Lines 22 and 30).....	XXX	XXX	17,350,569	20,924,333

DETAILS OF WRITE-INS

2101.			0	
2102.			0	
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page.....	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above).....	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page.....	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX.....	185,623	240,268
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	49,168,524	59,987,587
3. Change in unearned premium reserves and reserve for rate credits.....	XXX.....	(14,702)	6,945
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX.....		
5. Risk revenue.....	XXX.....		
6. Aggregate write-ins for other health care related revenues.....	XXX.....	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX.....	0	0
8. Total revenues (Lines 2 to 7).....	XXX.....	49,153,822	59,994,532
Hospital and Medical:			
9. Hospital/medical benefits.....		30,002,003	35,096,919
10. Other professional services.....		78,894	67,231
11. Outside referrals.....			
12. Emergency room and out-of-area.....			
13. Prescription drugs.....		5,551,842	5,876,092
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			
16. Subtotal (Lines 9 to 15).....	0	35,632,739	41,040,242
Less:			
17. Net reinsurance recoveries.....		222,994	492,890
18. Total hospital and medical (Lines 16 minus 17).....	0	35,409,745	40,547,352
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....105,084 cost containment expenses.....		1,168,079	1,586,253
21. General administrative expenses.....		7,362,542	8,879,705
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....		28,000	(50,222)
23. Total underwriting deductions (Lines 18 through 22).....	0	43,968,366	50,963,088
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	5,185,456	9,031,444
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		861,976	1,057,084
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....		69,614	344,968
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	931,590	1,402,052
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX.....	6,117,046	10,433,496
31. Federal and foreign income taxes incurred.....	XXX.....	2,049,000	2,792,000
32. Net income (loss) (Lines 30 minus 31).....	XXX.....	4,068,046	7,641,496
DETAILS OF WRITE-INS			
0601.	XXX.....		
0602.	XXX.....		
0603.	XXX.....		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX.....	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX.....	0	0
0701.	XXX.....		
0702.	XXX.....		
0703.	XXX.....		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX.....	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX.....	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	13,991,260	24,830,563
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32.....	4,068,046	7,641,496
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	18,033	(732,448)
39. Change in nonadmitted assets.....	3,547,450	(3,348,351)
40. Change in unauthorized reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....	(9,600,000)	(14,400,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	(1,966,471)	(10,839,303)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	12,024,789	13,991,260

DETAILS OF WRITE-INS

4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	49,336,290	60,562,549
2. Net investment income.....	1,015,906	1,347,376
3. Miscellaneous income.....		456,133
4. Total (Lines 1 through 3).....	50,352,196	62,366,058
5. Benefit and loss related payments.....	36,641,588	44,607,933
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	8,809,404	8,941,730
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) \$.....0 net of tax on capital gains (losses).....	1,849,474	3,512,915
10. Total (Lines 5 through 9).....	47,300,466	57,062,578
11. Net cash from operations (Line 4 minus Line 10).....	3,051,730	5,303,480
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	13,332,839	17,376,720
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		228
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	13,332,839	17,376,948
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	8,320,043	865,719
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	8,320,043	865,719
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	5,012,796	16,511,229
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	9,600,000	14,400,000
16.6 Other cash provided (applied).....	3,069,737	(3,834,323)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(6,530,263)	(18,234,323)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	1,534,263	3,580,386
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	8,591,419	5,011,033
19.2 End of year (Line 18 plus Line 19.1).....	10,125,682	8,591,419

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical).....	48,700,913		49,435	48,651,478
2.	Medicare supplement.....				0
3.	Dental only.....				0
4.	Vision only.....				0
5.	Federal employees health benefits plan.....				0
6.	Title XVIII - Medicare.....	517,564		518	517,046
7.	Title XIX - Medicaid.....				0
8.	Stop loss.....				0
9.	Disability income.....				0
10.	Long-term care.....				0
11.	Other health.....				0
12.	Health subtotal (Lines 1 through 11).....	49,218,477	0	49,953	49,168,524
13.	Life.....				0
14.	Property/casualty.....				0
15.	Totals (Lines 12 to 14).....	49,218,477	0	49,953	49,168,524

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct.....	36,864,579	36,744,935					119,644						
1.2 Reinsurance assumed.....	0												
1.3 Reinsurance ceded.....	222,994	222,994											
1.4 Net.....	36,641,585	36,521,941	0	0	0	0	119,644	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses.....	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct.....	4,341,270	4,002,264					339,006						
3.2 Reinsurance assumed.....	0												
3.3 Reinsurance ceded.....	0												
3.4 Net.....	4,341,270	4,002,264	0	0	0	0	339,006	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct.....	184,162	179,554					4,608						
4.2 Reinsurance assumed.....	0												
4.3 Reinsurance ceded.....	0												
4.4 Net.....	184,162	179,554	0	0	0	0	4,608	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	0												
6. Net healthcare receivables (a).....	46,925	46,934					(9)						
7. Amounts recoverable from reinsurers December 31, current year.....	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct.....	5,594,850	5,594,850											
8.2 Reinsurance assumed.....	0												
8.3 Reinsurance ceded.....	0												
8.4 Net.....	5,594,850	5,594,850	0	0	0	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct.....	209,348	209,348											
9.2 Reinsurance assumed.....	0												
9.3 Reinsurance ceded.....	0												
9.4 Net.....	209,348	209,348	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	0												
11. Amounts recoverable from reinsurers December 31, prior year.....	0												
12. Incurred benefits:													
12.1 Direct.....	35,632,738	35,169,489	0	0	0	0	463,249	0	0	0	0	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	222,994	222,994	0	0	0	0	0	0	0	0	0	0	0
12.4 Net.....	35,409,744	34,946,495	0	0	0	0	463,249	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in process of adjustment:													
1.1 Direct.....	2,159,679	2,085,462					74,217						
1.2 Reinsurance assumed.....	0												
1.3 Reinsurance ceded.....	0												
1.4 Net.....	2,159,679	2,085,462	0	0	0	0	74,217	0	0	0	0	0	0
2. Incurred but unreported:													
2.1 Direct.....	2,181,591	1,916,802					264,789						
2.2 Reinsurance assumed.....	0												
2.3 Reinsurance ceded.....	0												
2.4 Net.....	2,181,591	1,916,802	0	0	0	0	264,789	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:													
3.1 Direct.....	0												
3.2 Reinsurance assumed.....	0												
3.3 Reinsurance ceded.....	0												
3.4 Net.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Totals:													
4.1 Direct.....	4,341,270	4,002,264	0	0	0	0	339,006	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	4,341,270	4,002,264	0	0	0	0	339,006	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	4,500,197	32,021,744	170,685	4,011,132	4,670,882	5,804,198
2. Medicare supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....		119,644		343,614	0	
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	4,500,197	32,141,388	170,685	4,354,746	4,670,882	5,804,198
10. Healthcare receivables (a).....	4,040	39,658		1,300	4,040	91,923
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....					0	
13. Totals (Lines 9 - 10 + 11 + 12).....	4,496,157	32,101,730	170,685	4,353,446	4,666,842	5,712,275

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	7,653	249			
2. 2001.....	109,585	9,053	(1,201)		
3. 2002.....	.XXX	90,988	9,440	(28)	
4. 2003.....	.XXX	.XXX	75,362	6,854	(161)
5. 2004.....	.XXX	.XXX	.XXX	36,327	4,661
6. 2005.....	.XXX	.XXX	.XXX	.XXX	32,141

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	300,941	300,941	300,941	300,941	300,941
2. 2001.....	122,084	118,260	117,437	117,437	117,437
3. 2002.....	.XXX	103,853	100,554	100,400	100,400
4. 2003.....	.XXX	.XXX	83,645	82,281	82,054
5. 2004.....	.XXX	.XXX	.XXX	42,065	41,159
6. 2005.....	.XXX	.XXX	.XXX	.XXX	36,496

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....	149,593	117,437	3,572	3.0	121,009	80.9			121,009	80.9
2. 2002.....	145,989	100,400	4,656	4.6	105,056	72.0			105,056	72.0
3. 2003.....	122,675	82,054	4,004	4.9	86,058	70.2			86,058	70.2
4. 2004.....	60,217	40,988	1,586	3.9	42,574	70.7	171		42,745	71.0
5. 2005.....	49,204	32,141	1,168	3.6	33,309	67.7	4,355		37,664	76.5

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	.....5,497	.....249	.....	.....	.....
2. 2001.....	.....78,710	.....9,049	.....(1,200)	.....	.....
3. 2002.....	.....XXX	.....90,950	.....9,431	.....(28)	.....
4. 2003.....	.....XXX	.....XXX	.....75,290	.....6,854	.....(161)
5. 2004.....	.....XXX	.....XXX	.....XXX	.....36,327	.....4,661
6. 2005.....	.....XXX	.....XXX	.....XXX	.....XXX	.....32,022

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	.....236,299	.....236,329	.....236,329	.....236,329	.....236,329
2. 2001.....	.....91,190	.....87,381	.....86,559	.....86,559	.....86,559
3. 2002.....	.....XXX	.....103,815	.....100,507	.....100,353	.....100,353
4. 2003.....	.....XXX	.....XXX	.....83,573	.....82,210	.....81,982
5. 2004.....	.....XXX	.....XXX	.....XXX	.....42,065	.....41,159
6. 2005.....	.....XXX	.....XXX	.....XXX	.....XXX	.....36,033

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....	.....111,963	.....86,559	.....3,114	.....3.6	.....89,673	.....80.1	.....	.....	.....89,673	.....80.1
2. 2002.....	.....145,964	.....100,353	.....4,656	.....4.6	.....105,009	.....71.9	.....	.....	.....105,009	.....71.9
3. 2003.....	.....122,539	.....81,982	.....4,004	.....4.9	.....85,986	.....70.2	.....	.....	.....85,986	.....70.2
4. 2004.....	.....60,190	.....40,988	.....1,586	.....3.9	.....42,574	.....70.7	.....171	.....	.....42,745	.....71.0
5. 2005.....	.....48,686	.....32,022	.....1,157	.....3.6	.....33,179	.....68.1	.....4,011	.....	.....37,190	.....76.4

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....				0.0	0	0.0			0	0.0
2. 2002.....				0.0	0	0.0			0	0.0
3. 2003.....				0.0		0.0			0	0.0
4. 2004.....				0.0	0	0.0			0	0.0
5. 2005.....				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....				0.0	0	0.0			0	0.0
2. 2002.....				0.0	0	0.0			0	0.0
3. 2003.....				0.0	0	0.0			0	0.0
4. 2004.....				0.0	0	0.0			0	0.0
5. 2005.....				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....				0.0	0	0.0			0	0.0
2. 2002.....				0.0	0	0.0			0	0.0
3. 2003.....				0.0		0.0			0	0.0
4. 2004.....				0.0	0	0.0			0	0.0
5. 2005.....				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	660	660	660	660	660
2. 2001.....					
3. 2002.....	.XXX				
4. 2003.....	.XXX	XXX			
5. 2004.....	.XXX	XXX	XXX		
6. 2005.....	.XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....				0.0	0	0.0			0	0.0
2. 2002.....				0.0	0	0.0			0	0.0
3. 2003.....				0.0		0.0			0	0.0
4. 2004.....				0.0	0	0.0			0	0.0
5. 2005.....				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	2,156				
2. 2001.....	30,875	4	(1)		
3. 2002.....	.XXX	38	9		
4. 2003.....	.XXX	XXX	72		
5. 2004.....	.XXX	XXX	XXX		
6. 2005.....	.XXX	XXX	XXX	XXX	120

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	63,952	63,592	63,952	63,952	63,952
2. 2001.....	30,893	30,879	30,877	30,877	30,877
3. 2002.....	.XXX	37	47	47	47
4. 2003.....	.XXX	XXX	72	72	72
5. 2004.....	.XXX	XXX	XXX		
6. 2005.....	.XXX	XXX	XXX	XXX	463

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....	37,630	30,877	638	2.1	31,515	83.7			31,515	83.7
2. 2002.....	25	47		0.0	47	188.0			47	188.0
3. 2003.....	136	72		0.0	72	52.9			72	52.9
4. 2004.....	27			0.0	0	0.0			0	0.0
5. 2005.....	518	120	11	9.2	131	25.3	344		475	91.7

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....				0.0	0	0.0			0	0.0
2. 2002.....				0.0	0	0.0			0	0.0
3. 2003.....				0.0	0	0.0			0	0.0
4. 2004.....				0.0	0	0.0			0	0.0
5. 2005.....				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	NONE				
2. 2001.....					
3. 2002.....		.XXX			
4. 2003.....		.XXX	XXX		
5. 2004.....		.XXX	XXX	XXX	
6. 2005.....		.XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....				0.0	0	0.0			0	0.0
2. 2002.....				0.0	0	0.0			0	0.0
3. 2003.....				0.0	0	0.0			0	0.0
4. 2004.....				0.0	0	0.0			0	0.0
5. 2005.....				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves.....	.0											
2. Additional policy reserves (a).....	59,000	59,000										
3. Reserve for future contingent benefits.....	.0											
4. Reserve for rate credits or experience rating refunds (including \$.0) for investment income.....	.0											
5. Aggregate write-ins for other policy reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross).....	59,000	59,000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded.....	.0											
8. Totals (net) (Page 3, Line 4).....	59,000	59,000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims.....	.0											
10. Reserve for future contingent benefits.....	184,162	179,554					4,608					
11. Aggregate write-ins for other claim reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross).....	184,162	179,554	.0	.0	.0	.0	4,608	.0	.0	.0	.0	.0
13. Reinsurance ceded.....	.0											
14. Totals (net) (Page 3, Line 7).....	184,162	179,554	.0	.0	.0	.0	4,608	.0	.0	.0	.0	.0
DETAILS OF WRITE-INS												
0501. ....	.0											
0502. ....	.0											
0503. ....	.0											
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101. ....	.0											
1102. ....	.0											
1103. ....	.0											
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$.59,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	4,359	45,080	149,933		199,372
2. Salaries, wages and other benefits.....	52,804	545,501	2,747,982		3,346,287
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	213	542	1,713,050		1,713,805
4. Legal fees and expenses.....			1,017		1,017
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	7,579	78,382	184,017		269,978
7. Traveling expenses.....	35	330	133,162		133,527
8. Marketing and advertising.....	2,894	15,225	640,609		658,728
9. Postage, express and telephone.....	13,865	137,968	363,379		515,212
10. Printing and office supplies.....	796	6,874	51,856		59,526
11. Occupancy, depreciation and amortization.....			1,465		1,465
12. Equipment.....			22,109		22,109
13. Cost or depreciation of EDP equipment and software.....	8,728	90,266	162,828		261,822
14. Outsourced services including EDP, claims, and other services.....	13,075	135,229	179,710		328,014
15. Boards, bureaus and association fees.....			12,895		12,895
16. Insurance, except on real estate.....			111,450		111,450
17. Collection and bank service charges.....			60,099		60,099
18. Group service and administration fees.....					0
19. Reimbursements by uninsured accident and health plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			535,312		535,312
23.3 Regulator authority licenses and fees.....			26,139		26,139
23.4 Payroll taxes.....	736	7,598	105,765		114,099
23.5 Other (excluding federal income and real estate taxes).....			126,123		126,123
24. Investment expenses not included elsewhere.....				17,567	17,567
25. Aggregate write-ins for expenses.....	0	0	33,642	0	33,642
26. Total expenses incurred (Lines 1 to 25).....	105,084	1,062,995	7,362,542	17,567	(a).....8,548,188
27. Less expenses unpaid December 31, current year.....			173,483		173,483
28. Add expenses unpaid December 31, prior year.....			400,452		400,452
29. Amounts receivable relating to uninsured accident and health plans, prior year.....					0
30. Amounts receivable relating to uninsured accident and health plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	105,084	1,062,995	7,589,511	17,567	8,775,157

DETAILS OF WRITE-INS

2501. Other Miscellaneous.....			33,642		33,642
2502.					0
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	33,642	0	33,642

(a) Includes management fees of \$.....5,904,453 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds.....	(a).....30,511	.....32,511
1.1	Bonds exempt from U.S. tax.....	(a).....	.....
1.2	Other bonds (unaffiliated).....	(a).....682,667	.....619,018
1.3	Bonds of affiliates.....	(a).....	.....
2.1	Preferred stocks (unaffiliated).....	(b).....	.....
2.11	Preferred stocks of affiliates.....	(b).....	.....
2.2	Common stocks (unaffiliated).....	.....	.....
2.21	Common stocks of affiliates.....	.....	.....
3.	Mortgage loans.....	(c).....	.....
4.	Real estate.....	(d).....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments.....	(e).....228,014	.....228,014
7.	Derivative instruments.....	(f).....	.....
8.	Other invested assets.....	.....	.....
9.	Aggregate write-ins for investment income.....	.....0	.....0
10.	Total gross investment income.....	.....941,192	.....879,543
11.	Investment expenses.....	.....	(g).....17,567
12.	Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13.	Interest expense.....	.....	(h).....
14.	Depreciation on real estate and other invested assets.....	.....	(i).....0
15.	Aggregate write-ins for deductions from investment income.....	.....	.....0
16.	Total deductions (Lines 11 through 15).....	.....	.....17,567
17.	Net investment income (Line 10 minus Line 16).....	.....	.....861,976

DETAILS OF WRITE-INS		
0901.	.....	.....
0902.	.....	.....
0903.	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page.....	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0
1501.	.....	.....
1502.	.....	.....
1503.	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page.....	.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....0
(a)	Includes \$.....8,320 accrual of discount less \$....100,041 amortization of premium and less \$....25,369 paid for accrued interest on purchases.	
(b)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.	
(c)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.	
(d)	Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.	
(e)	Includes \$....42,767 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.	
(f)	Includes \$.....0 accrual of discount less \$.....0 amortization of premium.	
(g)	Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.	
(h)	Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.	
(i)	Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.	

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	.....(14)	.....	.....	.....(14)
1.1	.....107,005	.....	.....	.....107,005
1.2	.....(37,377)	.....	.....	.....(37,377)
1.3	.....	.....	.....	.....0
2.1	.....	.....	.....	.....0
2.11	.....	.....	.....	.....0
2.2	.....	.....	.....	.....0
2.21	.....	.....	.....	.....0
3.	.....	.....	.....	.....0
4.	.....	.....	.....	.....0
5.	.....	.....	.....	.....0
6.	.....	.....	.....	.....0
7.	.....	.....	.....	.....0
8.	.....	.....	.....	.....0
9.	.....0	.....0	.....0	.....0
10.	.....69,614	.....0	.....0	.....69,614

DETAILS OF WRITE-INS				
0901.	.....	.....	.....	.....0
0902.	.....	.....	.....	.....0
0903.	.....	.....	.....	.....0
0998.	Summary of remaining write-ins for Line 9 from overflow page....	.....0	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.....0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.....0
2.2 Common stocks.....			.....0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.....0
3.2 Other than first liens.....			.....0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.....0
4.2 Properties held for the production of income.....			.....0
4.3 Properties held for sale.....			.....0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....		.....3,500,525	.....3,500,525
6. Contract loans.....			.....0
7. Other invested assets (Schedule BA).....			.....0
8. Receivables for securities.....			.....0
9. Aggregate write-ins for invested assets.....	.....0	.....0	.....0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	.....0	.....3,500,525	.....3,500,525
11. Title plants (for Title insurers only).....			.....0
12. Investment income due and accrued.....			.....0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....			.....0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
13.3 Accrued retrospective premiums.....			.....0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....			.....0
14.2 Funds held by or deposited with reinsured companies.....			.....0
14.3 Other amounts receivable under reinsurance contracts.....			.....0
15. Amounts receivable relating to uninsured plans.....			.....0
16.1 Current federal and foreign income tax recoverable and interest thereon.....			.....0
16.2 Net deferred tax asset.....			.....0
17. Guaranty funds receivable or on deposit.....			.....0
18. Electronic data processing equipment and software.....			.....0
19. Furniture and equipment, including health care delivery assets.....			.....0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.....0
21. Receivable from parent, subsidiaries and affiliates.....			.....0
22. Health care and other amounts receivable.....	.....44,998	.....91,923	.....46,925
23. Aggregate write-ins for other than invested assets.....	.....0	.....0	.....0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	.....44,998	.....3,592,448	.....3,547,450
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
26. TOTALS (Lines 24 and 25).....	.....44,998	.....3,592,448	.....3,547,450

DETAILS OF WRITE-INS

0901. ....			.....0
0902. ....			.....0
0903. ....			.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0
2301. ....			.....0
2302. ....			.....0
2303. ....			.....0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.....0	.....0	.....0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	.....0	.....0	.....0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	17,859	16,659	15,731	14,802	13,944	185,623
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....						
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	17,859	16,659	15,731	14,802	13,944	185,623

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

UNITED HEALTHCARE OF ARKANSAS, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation— United HealthCare of Arkansas, Inc. (the ‘Company’), a for-profit health maintenance organization (‘HMO’), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company has entered into contracts with physicians, hospitals, and other health care providers pursuant to which such providers deliver medical care to its enrollees primarily on a modified fee-for-service or capitated basis. The Company was incorporated on September 27, 1990, and in December 1991 received its certificate of authority to operate as an HMO in the state of Arkansas. The Company is licensed to operate in various Arkansas counties. Effective August 1, 2005, the Company began offering their Medicare product in various counties.

Basis Of Presentation— The Company prepares its financial statements on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department. These practices differ from accounting principles generally accepted in the United States of America as certain assets and health care receivables are considered nonadmitted assets for statutory purposes and are excluded from the statutory statements of admitted assets, liabilities and capital and surplus. The changes in nonadmitted assets have been reflected in accumulated surplus in the accompanying statutory financial statements. Under accounting principles generally accepted in the United States of America, these assets would be included in the statutory statements of admitted assets, liabilities and capital and surplus. In addition, certain debt investments that would be shown at market value under accounting principles generally accepted in the United States of America are presented in the accompanying statutory statements of admitted assets, liabilities and capital and surplus at amortized cost and certain items that would be shown as cash equivalents under accounting principles generally accepted in the United States of America are included in short-term investments in the accompanying statutory statements of admitted assets, liabilities and capital and surplus.

Had the accompanying statutory basis financial statements been prepared in accordance with accounting principles generally accepted in the United States of America, the following would have been reported (in thousands):

	2005	2004
Total assets	\$17,510	\$25,200
Total capital and surplus	12,173	18,020
Total revenue	50,135	61,619
Net income	4,086	6,909

The Arkansas Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial condition and results of operations of an HMO, for determining its solvency under Arkansas Insurance Law. The National Association of Insurance Commissioners(‘NAIC’) Accounting Practices and Procedures Manual (‘NAIC SAP’) has been adopted with modifications as a component of prescribed or permitted practices by the state of Arkansas. The modifications adopted by this state did not affect statutory capital and surplus. No significant differences exist between the statutory accounting practices prescribed or permitted by the state of Arkansas and those prescribed or permitted by the NAIC SAP.

Use of Estimates— These statutory basis financial statements include certain amounts that are based on the Company’s best estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to medical services expenses and medical services payable. The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of income in the period in which the estimate is adjusted.

Cash and Invested Assets— Cash and short-term investments represents cash held by the Company in disbursement accounts and money market instruments with a maturity of one year or less at the time of purchase. Claims and other payments are made from the disbursement accounts daily. Cash and short-term investments are reported at cost which approximates market value. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments.

Cash and invested assets consist of the Company’s share of an investment pool sponsored and administered by United HealthCare Services, Inc. (‘UHS’) for the benefit of the UHS-owned health plans. The investment pool consists principally of investments with original maturities of less than one year with the average life of the individual investments being less than 60 days. The Company’s share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The pool is primarily invested in governmental obligations, commercial paper, certificates of deposit, and short-term agency notes and recorded at cost. Interest income from the pool accrues daily to participating members based upon ownership percentage.

The Arkansas Insurance Department has determined that the Company’s investments in the investment pool administered

NOTES TO FINANCIAL STATEMENTS

by UHS be considered as investment in one person and is to be limited to no more than 5% of the Company's total admitted assets, pursuant to ACA 23-63-805(1)(A), unless the Commissioner authorizes the Company to exceed the statutory limit. The Company requested permission to exceed the statutory limit and the Department has agreed to allow the Company to invest up to 20% of the Company's total admitted assets in the UHS investment pool. In 2004, the Company did not have approval to exceed the 5% limitation and as a result nonadmitted approximated \$3,501,000 of its investment in the pool (see note 13).

Cash and invested assets include corporate bonds, government obligations, municipal securities, and commercial paper and are stated at amortized cost if they meet NAIC designation of one or two and are stated at the lower of amortized cost or an NAIC determined market value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Cash and invested assets are valued and reported using market prices published by the NAIC Securities Valuation Office ("SVO") in accordance with the NAIC Valuations of Securities manual prepared by the SVO ("Valuations of Securities manual").

The Company continually monitors the difference between the cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company believes is other than temporary, the Company records a realized loss in investment and other income in the statutory statement of operations. No such losses were incurred and recorded during the years ended December 31, 2005 and 2004.

Medical Services Expenses and Payables— Medical services expenses include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, and estimates for the costs of health care services enrollees have received, but for which claims have not yet been submitted.

The estimates for incurred but not yet reported claims are developed using actuarial methods based upon historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during the years ended December 31, 2005 and 2004. Management believes the amount of medical services payable is adequate to cover the Company's liability for unpaid claims as of December 31, 2005; however, actual claim payments may differ from those established estimates. Adjustments to medical services payable estimates are reflected in operating results in the period in which the change in estimate is identified.

Claims Adjustment Expense— Claims adjustment expenses (CAE) as defined by Statement of Statutory Accounting Principles No. 85, *Claim Adjustment Expenses, Amendments to SSAP No. 85 –Unpaid Claims, Losses, and Loss Adjustment Expenses*, are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of UHS's and the Company's administrative expenses is performed to determine the allocation between CAE and general administrative expenses in accordance with SSAP No. 85. The method used for determining CAE is periodically reviewed and updated, and any adjustments are reflected in operating expenses in the accompanying statutory statements of operations in the period in which the change in methodology is identified. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement and are presented in operating expenses in the accompanying statutory statements of operations. It is the responsibility of UHS to pay claims adjustment expenses in the event that the company ceases operations.

Premiums— Member premium and government program revenues are recognized in the period in which enrollees are entitled to receive health care services. Premiums received prior to the period of service are recorded as unearned premiums in the accompanying statutory statements of admitted assets, liabilities and capital and surplus.

Reinsurance— In 2004, the Company limited its exposure to loss on any single insured and to recover a portion of benefits paid by ceding premium to other insurance enterprises or reinsurers under excess coverage contracts. Effective January 1, 2005, the Company entered into an insolvency-only reinsurance agreement. Reinsurance premiums paid were deducted from premium revenue in the accompanying statutory financial statements.

Premium Deficiency Reserve— Premium deficiency reserves and the related expense, as defined by Statement of Statutory Accounting Principles No. 54, *Individual and Group Accident and Health Contracts*, as well as actuarial practice guidelines, are recognized when it is probable that expected future health care expenses, claim adjustment expenses, and administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts. The methods of making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in medical services expenses in the accompanying statements of operation in the period in which the change in estimate is identified. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

Vulnerability Due to Certain Concentrations— The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Restricted Cash Reserves— The Company is required by Arkansas Statutes to maintain \$300,000 in minimum cash reserves. These restricted cash reserves consist primarily of treasury notes and are stated at amortized cost. These reserves

NOTES TO FINANCIAL STATEMENTS

are classified as held to maturity and presented as bonds in the accompanying statements of admitted assets, liabilities and capital and surplus. The Company has approximately \$316,000 of reserves which is in compliance with the required amount as of December 31, 2005. Interest earned on these reserves accrues to the Company.

Minimum Capital and Surplus— Risk-based capital (“RBC”) is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Company is required by the State of Arkansas Insurance Department to have a minimum of approximately \$3,667,000 in statutory capital and surplus as of December 31, 2005, in accordance with the NAIC Model Act Formula for calculating RBC requirements. The Company has approximately \$12,025,000 of statutory capital and surplus, which is in compliance with the required amount as of December 31, 2005.

Reclassifications— Certain 2004 amounts in the accompanying statutory financial statements have been reclassified to conform to the 2005 presentation. These reclassifications had no effect on statutory net income or capital and surplus, as previously reported.

2. ACCOUNTING CHANGES & CORRECTIONS OF ERRORS

No changes in accounting principles have been recorded during the years ended December 31, 2005 and 2004.

3. BUSINESS COMBINATIONS AND GOODWILL

The Company was not party to a business combination during the years ended December 31, 2005 and 2004, and does not carry goodwill on its statutory statements of admitted assets, liabilities and capital and surplus.

4. DISCONTINUED OPERATIONS

The Company did not discontinue any operations during the years ended December 31, 2005 and 2004.

5. INVESTMENTS

The Company has no mortgage loans, real estate loans, restructured debt, reverse mortgages, or repurchase agreements.

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments totaled \$187,000 and \$118,000, respectively, for the year ended December 31, 2005, and \$456,000 and \$111,000, respectively, for the year ended December 31, 2004. The net realized gain or loss is included in investment and other income in the accompanying statutory statements of operations.

As of December 31, 2005 and 2004, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company’s short- and long-term investments, excluding cash and cash equivalents (overdrafts) of approximately \$5,841,000 and \$7,435,000, respectively, are as follows (in thousands):

NOTES TO FINANCIAL STATEMENTS

	2005				
		Gross		Gross	
		Unrealized		Unrealized	
	Amortized	Holding		Holding	Fair
	Cost	Gains		Losses	Value
U.S. government and agency	\$ 1,126	\$ 25		\$ (9)	\$ 1,142
State and state agency	1,284	53		(6)	1,331
Municipalities and local agency	2,157	66		(6)	2,217
Commercial bonds	4,285	46		(18)	4,313
Commercial paper	<u>1,789</u>	<u>-</u>		<u>-</u>	<u>1,789</u>
Total	<u>\$10,641</u>	<u>\$ 190</u>		<u>\$ (39)</u>	<u>\$10,792</u>
	2005				
		Gross		Gross	
		Unrealized		Unrealized	
	Amortized	Holding		Holding	Fair
	Cost	Gains		Losses	Value
Years to Maturity					
Less than one year	\$ 4,412	\$ 1		\$ -	\$ 4,413
One to five years	4,348	107		(32)	4,423
Five to ten years	1,338	76		-	1,414
Over ten years	<u>543</u>	<u>6</u>		<u>(7)</u>	<u>542</u>
Total	<u>\$10,641</u>	<u>\$ 190</u>		<u>\$ (39)</u>	<u>\$10,792</u>
	2004				
		Gross		Gross	
		Unrealized		Unrealized	
	Amortized	Holding		Holding	Fair
	Cost	Gains		Losses	Value
U.S. government and agency	\$ 1,243	\$ 48		\$ (4)	\$ 1,287
State and state agency	3,730	243		-	3,973
Municipalities and local agency	2,838	229		-	3,067
Commercial bonds	3,580	153		(1)	3,732
Commercial paper	<u>1,156</u>	<u>-</u>		<u>-</u>	<u>1,156</u>
Total	<u>\$12,547</u>	<u>\$ 673</u>		<u>\$ (5)</u>	<u>\$13,215</u>

Included in U.S. government and agency securities in the tables above are mortgage-backed securities that do not have a single maturity date. For the 2005 years to maturity table above, these securities have been presented in the maturity groups based on the securities final maturity date and at an amortized cost of \$611,000 and a fair value of \$636,000. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities were based on a three-month constant prepayment rate history.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The Company has no investments in joint ventures, partnerships, or limited liability companies.

7. INVESTMENT INCOME

The Company has admitted all investment income due and accrued in the statutory statements of admitted assets, liabilities and capital and surplus.

8. DERIVATIVE INSTRUMENTS

The Company has no derivative instruments.

9. INCOME TAXES

The Company’s operations are included in the consolidated federal income tax return of UnitedHealth Group Incorporated. Federal income taxes are paid to or refunded by UnitedHealth Group Incorporated pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis. Income taxes incurred in the current and prior years will be available for recoupment by the Company only in the event of future net losses of consolidated UnitedHealth Group Incorporated. The Company receives a benefit at the federal rate in the current year for net losses incurred in that year. Federal income taxes payable of \$25,000 in 2005 and receivable of \$175,000 in 2004 are included in the accompanying statutory statements of admitted assets, liabilities and capital and surplus. Federal income taxes paid, net of tax refunds, in 2005 were approximately \$1,850,000. Federal income taxes paid in 2004 were approximately \$3,513,000.

NOTES TO FINANCIAL STATEMENTS

The components of the net deferred tax asset (liability) at December 31 are as follows (in thousands):

	2005	2004
Deferred tax assets (admitted and nonadmitted)	\$106	\$109
Deferred tax liabilities	<u>(26)</u>	<u>(47)</u>
Net deferred tax assets admitted	<u>\$ 80</u>	<u>\$ 62</u>

The components of income taxes are as follows (in thousands):

	2005	2004
Total current federal income tax provision	<u>\$2,049</u>	<u>\$2,792</u>
Change in deferred tax assets	\$ 3	\$ 719
Change in deferred tax liabilities	<u>(21)</u>	<u>14</u>
Total change in net deferred income taxes	<u>\$ (18)</u>	<u>\$ 733</u>

The Company has no deferred tax liabilities that are not recognized.

The main components of the 2005 and 2004 deferred tax assets are as follows (in thousands):

	2005	2004	Change
Medical reserves	\$ 37	\$ 42	\$ (5)
Bad debt allowance	2	8	(6)
Accrued expenses	19	36	(17)
Unearned premium	29	12	17
Capital gains	<u>19</u>	<u>11</u>	<u>8</u>
Total deferred tax assets	<u>\$106</u>	<u>\$109</u>	<u>\$ (3)</u>

The main components of the 2005 and 2004 deferred tax liabilities are as follows (in thousands):

	2005	2004	Change
Bond premium	<u>\$ 26</u>	<u>\$ 47</u>	<u>\$ (21)</u>
Total deferred tax liabilities	<u>\$ 26</u>	<u>\$ 47</u>	<u>\$ (21)</u>

The Company's income tax expense differs from the amount obtained by applying the federal statutory rate of 35% to income before income taxes for the following reasons (in thousands):

	2005	2004
Tax provision at the federal statutory rate	\$2,141	\$3,652
Tax-exempt income	(102)	(132)
Other income	(8)	5
Total statutory income taxes	<u>\$2,031</u>	<u>\$3,525</u>
Provision for current income taxes	\$2,049	\$2,792
Change in net deferred income tax	<u>(18)</u>	<u>733</u>
Total statutory income taxes	<u>\$2,031</u>	<u>\$3,525</u>

At December 31, 2005 and 2004, the Company had no net operating loss carryforwards.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

The Company is a wholly owned subsidiary of UnitedHealthcare, Inc., which is a wholly owned subsidiary of UHS, an HMO management corporation which provides services to the Company under the terms of a management agreement. UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated.

Pursuant to the terms of the management agreement, UHS will provide management services to the Company, until terminated upon the written agreement of both parties, for a fee based on a percentage of member premium and government program revenues. Management fees under this arrangement totaled approximately \$5,904,000 in 2005 and

NOTES TO FINANCIAL STATEMENTS

\$7,223,000 in 2004 and are included with operating expenses in the accompanying statutory statements of operations. In addition, UHS pays, on the Company's behalf, certain expenses not covered within the scope of the management agreement. UHS is reimbursed for these expenses by the Company, and these expenses along with management fees represent substantially all of the operating expenses included in the accompanying statutory statements of operations. Operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

Effective January 1, 2005, the Company entered into an insolvency-only reinsurance agreement with United HealthCare Insurance Company ("UHIC"), a wholly owned subsidiary of UHIC Holdings, Inc. (formerly known as Unimerica, Inc.), which is a wholly owned subsidiary of UHS, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium revenues, of approximately \$50,000 in 2005 are netted against premium revenues in the accompanying statutory statement of operations. In 2004, the Company had a reinsurance agreement with UHIC to cover certain inpatient hospital claims in excess of defined limits. Reinsurance premiums, which were calculated on a per member per month basis, of approximately \$222,000 in 2004 are netted against premium revenues in the accompanying statutory statements of operations. Reinsurance recoveries related to the excess loss contract of approximately \$223,000 in 2005 and \$493,000 in 2004 are netted against medical services expenses in the accompanying statutory statements of operations. There were no reinsurance receivables related to these agreements at December 31, 2005 and 2004. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company has a contract with United Behavioral Health, a wholly owned subsidiary of UHS, to provide mental health and substance abuse services for its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, were approximately \$924,000 in 2005 and \$1,022,000 in 2004 and are included in medical services expenses in the accompanying statutory statements of operations.

UHS contracts on behalf of the Company to provide administrative services related to pharmacy management and claims processing for its enrollees. Fees related to these agreements, which are calculated on a per claim basis, were approximately \$12,000 in 2005 and \$43,000 in 2004 and are included in operating expenses in the accompanying statutory statements of operations. Additionally, UHS collects rebates on certain pharmaceutical products and remits the rebates to the Company based on the Company's member utilization. Rebates that relate to this agreement of approximately \$1,047,000 in 2005 and \$1,316,000 in 2004 are included as a reduction of medical service expenses in the accompanying statutory statements of operations.

The Company has an agreement with OPTUM, a division of UHS, to provide Care24, a 24-hour call-in service and employee assistance line, to its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, of approximately \$179,000 in 2005 and \$230,000 in 2004 are included in medical services expenses in the accompanying statutory statements of operations.

The Company contracts with United Resource Network, a division of UHS, to provide access to a network of transplant providers for its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, of approximately \$39,000 in 2005 and \$49,000 in 2004 are included in medical services expenses in the accompanying statutory statements of operations.

The Company contracts with Coordinated Vision Care, a division of UHS, to provide administrative services related to vision benefit management and claims processing for its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, of approximately \$16,000 in 2005 and \$21,000 in 2004, are included in medical services expenses in the accompanying statutory statements of operations.

The Company has a contract with ACN Group, Inc., a wholly owned subsidiary of UHS, to provide chiropractic and physical therapy services for its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, were approximately \$68,000 in 2005 and \$84,000 in 2004, and are included in medical services expenses in the accompanying statutory statements of operations.

Beginning December 1, 1999, the Company entered into a \$3,000,000 subordinated revolving credit agreement with UHS at an interest rate of LIBOR plus a margin of 0.50%. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective December 1, 2005. No amounts were outstanding under the line of credit as of December 31, 2005 and 2004.

At December 31, 2005 and 2004, the Company reported \$627,000 and \$195,000, respectively as a related party receivable, which is included in the statutory statements of admitted assets, liabilities, and capital and surplus. The balances are generally settled within 90 days from the incurred date. Receivables not settled within 90 days are considered a non-admitted asset and are excluded from the statutory statements of admitted assets, liabilities, and capital and surplus.

11. DEBT

The Company had no outstanding debt during 2005 and 2004 with third parties.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS &

NOTES TO FINANCIAL STATEMENTS

COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has no retirement, deferred compensation, and other benefit plans, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERSDIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

The Company has 2,000 shares authorized and 2,000 shares issued and outstanding of \$50 par value common stock. The Company has no preferred stock outstanding.

Payment of dividends may be restricted by the Arkansas Insurance Department and Arkansas law which generally require that dividends be paid out of accumulated surplus. The Company paid an extraordinary dividend to UHC of approximately \$9,600,000 during 2005 and \$14,400,000 during 2004, which was subject to prior approval by the Arkansas Insurance Department. The cash dividend was paid out of excess accumulated surplus as calculated based on the state of Arkansas’ minimum capital and surplus requirements. The cash dividend was approved by the Arkansas Department of Insurance before payment.

The portion of accumulated surplus represented or reduced by each item below is as follows (in thousands):

	2005	2004
Nonadmitted asset values	\$ 45	\$3,592

The Company does not have any outstanding surplus notes.

14. CONTINGENCIES

The Company is involved in legal actions which arise in the ordinary course of its business. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect upon the financial position or results of operations of the Company.

15. LEASES

According to the management agreement (see Note 10) between the Company and UHS, operating leases for the rental of office facilities and equipment are the responsibility of UHS.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company does not hold any financial instruments with off-balance sheet risk or concentrations of credit risk.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE HMO FROM UNINSURED ACCIDENT & HEALTH PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Company had no gain or loss from uninsured or partially insured accident and health plans.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

20. SEPTEMBER 11, 2001, EVENTS

The events of September 11, 2001, and their aftermath did not have a material financial impact on the Company’s operations. The Company will continue to monitor the potential impact of these events on its business.

21. OTHER ITEMS

The Company elected to use rounding in reporting amounts in the statutory financial statements.

22. EVENTS SUBSEQUENT

There are no events subsequent to December 31, 2005, that require disclosure.

NOTES TO FINANCIAL STATEMENTS

23. REINSURANCE

Unsecured Reinsurance Recoverables— The Company does not have an unsecured aggregate reinsurance recovery receivable with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company’s policyholder surplus.

Reinsurance Recoverable in Dispute— The Company does not have a reinsurance recoverable balance that is being disputed by any individual reinsurer.

Reinsurance Assumed and Ceded— The Company does not have a provision in its reinsurance contract to return commission to the reinsurer in the event that the Company cancels its reinsurance policy.

Uncollectible Reinsurance— During 2005 and 2004, there were no uncollectible reinsurance recoverables.

Commutation of Reinsurance— Effective January 1, 2005 the Company has an insolvency-only reinsurance agreement with UHIC to provide insolvency protection for its enrollees. In 2004, the Company had a reinsurance agreement with UHIC to cover certain inpatient hospital claims in excess of certain limits. There was no commutation of reinsurance in 2005 or 2004.

Retroactive Reinsurance— The Company did not have a retroactive reinsurance agreement in 2005 or 2004.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

The Company did not have any retrospectively rated contracts or contracts subject to redetermination in 2005 or 2004.

25. CHANGE IN INCURRED CLAIMS & CLAIMS ADJUSTMENT EXPENSE

Changes in estimates related to prior years’incurred claims are included in medical services expenses in the current year in the accompanying statutory statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the unpaid claim reserve, excluding premium deficiency reserves, for the years ended December 31, 2005 and 2004 (in thousands):

	Current Year	Prior Years’	
	Incurred Claims	Incurred Claims	Total
2005			
Beginning of year claim reserve	\$ -	\$(5,804)	\$(5,804)
Paid claims	32,141	4,500	36,641
End of year claim reserve	<u>4,355</u>	<u>171</u>	<u>4,526</u>
Incurring claims	<u>\$36,496</u>	<u>\$(1,133)</u>	<u>\$35,363</u>
	Current Year	Prior Years’	
	Incurred Claims	Incurred Claims	Total
2004			
Beginning of year claim reserve	\$ -	\$(8,409)	\$(8,409)
Paid claims	36,327	6,825	43,152
End of year claim reserve	<u>5,738</u>	<u>66</u>	<u>5,804</u>
Incurring claims	<u>\$42,065</u>	<u>\$(1,518)</u>	<u>\$40,547</u>

The Company incurred claims adjustment expenses of approximately \$1,168,000 in 2005 and \$1,586,000 in 2004. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement and are presented in operating expenses in the accompanying statutory statements of operations. It is the responsibility of UHS to pay claims adjustment expenses in the event that the Company ceases operations.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company did not have any intercompany pooling arrangements in 2005 or 2004.

27. STRUCTURED SETTLEMENTS

The Company did not have any structured settlements in 2005 or 2004.

28. HEALTH CARE RECEIVABLES

The Company did not admit any health care receivables in 2005 or 2004.

NOTES TO FINANCIAL STATEMENTS

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2005 or 2004.

30. PREMIUM DEFICIENCY RESERVES

As of December 31, 2005, the Company had a liability of \$59,000 for premium deficiency reserves, all of which was related to conversion groups. As of December 31, 2004, the Company had a liability of \$31,000 for premium deficiency reserves. The reserves are included in medical services payable in the statutory statements of admitted assets, liabilities, capital and surplus. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2005 and 2004, the Company had no specific accruals established for outstanding subrogation, as it is considered as a component of the actuarial calculations used to develop the estimates of medical services payable.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	514,494	3.1	514,494	3.1
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	1,179,062	7.2	1,179,062	7.2
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	1,742,404	10.6	1,742,404	10.6
1.43 Revenue and assessment obligations.....	519,933	3.2	519,933	3.2
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	187,689	1.1	187,689	1.1
1.512 Issued or guaranteed by FNMA and FHLMC.....	423,337	2.6	423,337	2.6
1.513 All other.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....	291,646	1.8	291,646	1.8
1.523 All other.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	1,497,459	9.1	1,497,459	9.1
2.2 Unaffiliated foreign securities.....		0.0		0.0
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
4.6 Mezzanine real estate loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....		0.0		0.0
6. Contract loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash, cash equivalents and short-term investments.....	10,125,682	61.4	10,125,682	61.4
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	16,481,706	100.0	16,481,706	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X]

No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes []

No []

N/A [X]

1.3

State regulating?

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes []

No [X]

2.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

N/A

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/11/2004

3.4

By what department or departments?

Arkansas Insurance Department

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes []

No [X]

4.12

renewals?

Yes []

No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes []

No [X]

4.22

renewals?

Yes []

No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Co. Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes []

No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes []

No [X]

7.2

If yes,

7.21

State the percentage of foreign control.

.....%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes []

No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [X]

No []

8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
Exante Bank, Inc.	Salt Lake City, Utah	NO	NO	NO	YES	NO

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche LLP, Minneapolis, MN

10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Allen J. Sorbo, President, Chief Executive Officer, and Chief Actuary of United HealthCare Insurance Company, an affiliate of United HealthCare of Arkansas, Inc., 450 Columbus Boulevard, Hartford, Ct.

11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes []

No [X]

11.11

Name of real estate holding company:

11.12

Number of parcels involved

.....N/A

11.13

Total book/adjusted carrying value

.....N/A

11.2

If yes, provide explanation.

N/A

12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes []

No []

12.3

Have there been any changes made to any of the trust indentures during the year?

Yes []

No []

12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes []

No []

N/A []

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [X]

No []

14.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [X]

No []

15.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

of such person?

Yes [X] No []

FINANCIAL

16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$.....0

16.12

To stockholders not officers

\$.....0

16.13

Trustees, supreme or grand (Fraternal only)

\$.....0

16.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$.....0

16.22

To stockholders not officers

\$.....0

16.23

Trustees, supreme or grand (Fraternal only)

\$.....0

17.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [] No [X]

17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$.....0

17.22

Borrowed from others

\$.....0

17.23

Leased from others

\$.....0

17.24

Other

\$.....0

18.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]

18.2

If answer is yes:

18.21

Amount paid as losses or risk adjustment

\$.....0

18.22

Amount paid as expenses

\$.....0

18.23

Other amounts paid

\$.....0

19.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []

19.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount.

\$.....626,833

INVESTMENT

20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits?

Yes [X] No []

20.2

If no, give full and complete information relating thereto.

21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1)

Yes [] No [X]

21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

.....

21.22

Subject to repurchase agreements

.....

21.23

Subject to reverse repurchase agreements

.....

21.24

Subject to dollar repurchase agreements

.....

21.25

Subject to reverse dollar repurchase agreements

.....

21.26

Pledged as collateral

.....

21.27

Placed under option agreements

.....

21.28

Letter stock or securities restricted as to sale

.....

21.29

Other

.....

21.3

For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
	

22.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No [] N/A [X]

If no, attach a description with this statement.

23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

23.2

If yes, state the amount thereof at December 31 of the current year:

.....

24.

Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

24.01

For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
State Street Bank	801 Pennsylvania, Kansas City, MO 64105

24.02

For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

24.03

Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes [] No [X]

24.04

If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

24.05

Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
104518	Deutsche Investment Management Americas Inc.	345 Park Avenue, New York, NY 10154

25.1

Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])?

Yes [] No [X]

25.2

If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adj.Carrying Value
25.2999. TOTAL		0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

25.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	Date of Valuation

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds.....	.....10,640,537	.....10,791,753	.....151,216
26.2 Preferred stocks.....	.....	.....	.....0
26.3 Totals.....	.....10,640,537	.....10,791,753	.....151,216

26.4 Describe the sources or methods utilized in determining the fair values:
For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices listed in the NAIC SVO ISIS database, GAAP pricing was used. GAAP pricing was obtained from HUB which is an external data sources vendor.
HUB data utilizes various pricing sources.

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.0

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid

29.1 Amount of payments for legal expenses, if any? \$.0

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.0

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐]

No [☒ X]

1.2

If yes, indicate premium earned on U.S. business only

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

1.62

Total incurred claims

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

1.65

Total incurred claims

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

1.72

Total incurred claims

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

1.75

Total incurred claims

1.76

Number of covered lives

2.

Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	49,168,524	59,987,587
2.2 Premium Denominator.....	49,168,524	59,987,587
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	4,584,432	5,849,900
2.5 Reserve Denominator.....	4,584,432	5,849,900
2.6 Reserve Ratio (2.4/2.5).....	100.0	100.0

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [☐]

No [☒ X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes [☒ X]

No [☐]

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [☐]

No [☒ X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [☒ X]

No [☐]

5.2

If no, explain:

5.3

Maximum retained risk (see instructions):

5.31

Comprehensive medical

\$.....0

5.32

Medical only

\$.....0

5.33

Medicare supplement

\$.....0

5.34

Dental

\$.....0

5.35

Other limited benefit plan

\$.....0

5.36

Other

\$.....0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement.

7.1

Does the reporting entity set up its claim liability for provider services on a service date base?

Yes [☒ X]

No [☐]

7.2

If no, give details:

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

.....3,128

8.2

Number of providers at end of reporting year

.....3,087

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [☐]

No [☒ X]

9.2

If yes, direct premium earned:

9.21

Business with the rate guarantees between 15-36 months

9.22

Business with rate guarantees over 36 months

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts?

Yes [☐]

No [☒ X]

10.2

If yes:

10.21

Maximum amount payable bonuses

10.22

Amount actually paid for year bonuses

10.23

Maximum amount payable withholds

10.24

Amount actually paid for year withholds

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes [☐]

No [☒ X]

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

11.13 An Individual Practice Association (IPA), or

11.14 A Mixed Model (combination of above)?

Yes []

No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes []

No [X]

11.3 If yes, show the name of the state requiring such net worth.

Arkansas

11.4 If yes, show the amount required.

\$.....3,666,986

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes []

No [X]

11.6 If the amount is calculated, show the calculation:

NAIC RBC Model, 200% of Authorized Control Level

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Arkansas
Ashley
Benton
Bradley
Carroll
Chicot
Clay
Cleburne
Cleveland
Columbia
Conway
Craighead
Crawford
Crittenden
Cross
Dallas
Desha
Drew
Faulkner
Franklin
Fulton
Garland
Grant
Hempstead
Howard
Hot Springs
Izard
Jackson
Jefferson
Johnson
Lawrence
Lincoln
Little River
Logan
Lonoke
Madison
Miller
Montgomery
Ouachita
Perry
Pike
Polk
Poinsett
Pope
Prairie
Pulaski
Saline
Scott
Searcy
Sebastian
Sevier
Sharp
Van Buren
Washington
White
Woodruff
Yell

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26).....	17,350,569	20,924,333	34,834,395	39,474,691	33,600,372
2. Total liabilities (Page 3, Line 22).....	5,325,780	6,933,073	10,003,832	15,353,577	15,738,365
3. Statutory surplus.....	3,666,986	3,994,658	6,936,952	8,595,318	9,631,846
4. Total capital and surplus (Page 3, Line 31).....	12,024,789	13,991,260	24,830,563	24,121,114	17,862,007
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	49,153,822	59,994,532	122,187,049	145,344,661	149,029,844
6. Total medical and hospital expenses (Line 18).....	35,409,745	40,547,352	79,522,396	100,058,204	116,982,592
7. Claims adjustment expenses (Line 20).....	1,168,079	1,586,253	4,004,178	4,656,472	3,751,846
8. Total administrative expenses (Line 21).....	7,362,542	8,879,705	18,209,538	23,138,585	21,162,434
9. Net underwriting gain (loss) (Line 24).....	5,185,456	9,031,444	20,369,715	17,491,400	7,487,071
10. Net investment gain (loss) (Line 27).....	931,590	1,402,052	2,357,223	1,608,956	1,846,762
11. Total other income (Lines 28 plus 29).....			340	180,941	760
12. Net income or (loss) (Line 32).....	4,068,046	7,641,496	14,406,278	13,020,297	9,334,593
Risk-Based Capital Analysis					
13. Total adjusted capital.....	12,024,789	13,991,260	24,830,563	24,121,114	17,862,007
14. Authorized control level risk-based capital.....	1,833,493	1,997,329	3,468,476	4,297,282	4,815,923
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7).....	13,944	17,859	37,072	57,353	60,401
16. Total member months (Column 6, Line 7).....	185,623	240,268	529,754	699,844	699,678
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Line 18 plus Line 19)....	72.0	67.6	66.0	68.8	78.5
19. Cost containment expenses.....	0.2	0.2	XXX	XXX	XXX
20. Other claims adjustment expenses.....	2.6	2.3	3.3	3.2	2.5
21. Total underwriting deductions (Line 23).....	89.5	84.9	84.4	87.8	95.0
22. Total underwriting gain (loss) (Line 24).....	10.5	15.1	16.9	12.2	5.0
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13 Col. 5).....	4,666,842	6,891,399	8,364,550	8,924,352	7,872,893
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	5,712,275	8,409,052	12,486,806	12,718,862	11,679,386
Investments in Parent, Subsidiaries and Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1).....					
26. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1).....					
27. Affiliated common stocks (Sch D. Summary, Line 53, Col. 2).....					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11).....					
29. Affiliated mortgage loans on real estate.....					
30. All other affiliated.....					
31. Total of above Lines 25 to 30.....	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States.....	702,182	702,310	714,087	687,353
	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	702,182	702,310	714,087	687,353
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	1,179,064	1,229,645	1,203,324	1,140,000
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	1,179,064	1,229,645	1,203,324	1,140,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	1,742,404	1,801,697	1,795,919	1,675,000
	10. Canada.....				
	11. Other Countries.....				
	12. Totals.....	1,742,404	1,801,697	1,795,919	1,675,000
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	943,270	968,918	961,345	926,678
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	943,270	968,918	961,345	926,678
Public Utilities (Unaffiliated)	17. United States.....				
	18. Canada.....				
	19. Other Countries.....				
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	1,664,258	1,694,669	1,648,269	1,677,535
	22. Canada.....	124,846	122,454	124,572	125,000
	23. Other Countries.....				
	24. Totals.....	1,789,104	1,817,123	1,772,841	1,802,535
Parent, Subsidiaries and Affiliates	25. Totals.....				
	26. Total Bonds.....	6,356,024	6,519,693	6,447,516	6,231,566
PREFERRED STOCKS Public Utilities (Unaffiliated)	27. United States.....				
	28. Canada.....				
	29. Other Countries.....				
	30. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....				
	32. Canada.....				
	33. Other Countries.....				
	34. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....				
	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. Total Preferred Stocks.....	0	0	0	
COMMON STOCKS Public Utilities (Unaffiliated)	41. United States.....				
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....				
	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....				
	50. Canada.....				
	51. Other Countries.....				
	52. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals.....				
	54. Total Common Stocks.....	0	0	0	
	55. Total Stocks.....	0	0	0	
	56. Total Bonds and Stocks....	6,356,024	6,519,693	6,447,516	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	11,390,930	7. Amortization of premium.....	100,041
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	8,320,043	8. Foreign exchange adjustment:	
3. Accrual of discount.....	8,318	8.1 Column 15, Part 1.....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	
4.1 Columns 12 - 14, Part 1.....		8.3 Column 16, Part 2, Section 2.....	
4.2 Columns 15 - 17, Part 2, Section 1.....		8.4 Column 15, Part 4.....	0
4.3 Column 15, Part 2, Section 2.....		9. Book/adjusted carrying value at end of current period.....	6,356,023
4.4 Columns 11 - 13, Part 4.....	0	10. Total valuation allowance.....	
5. Total gain (loss), Column 19, Part 4.....	69,612	11. Subtotal (Lines 9 plus 10).....	6,356,023
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	13,332,839	12. Total nonadmitted amounts.....	
		13. Statement value of bonds and stocks, current year.....	6,356,023

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only					
				3	4	5	6	7	8
State, Etc.		Guaranty Fund (YES or NO)	Is Insurer Licensed? (YES or NO)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama.....AL	..NO.....	..NO.....						
2.	Alaska.....AK	..NO.....	..NO.....						
3.	Arizona.....AZ	..NO.....	..NO.....						
4.	Arkansas.....AR	..NO.....	..YES.....	.....48,700,913	.....517,564				
5.	California.....CA	..NO.....	..NO.....						
6.	Colorado.....CO	..NO.....	..NO.....						
7.	Connecticut.....CT	..NO.....	..NO.....						
8.	Delaware.....DE	..NO.....	..NO.....						
9.	District of Columbia.....DC	..NO.....	..NO.....						
10.	Florida.....FL	..NO.....	..NO.....						
11.	Georgia.....GA	..NO.....	..NO.....						
12.	Hawaii.....HI	..NO.....	..NO.....						
13.	Idaho.....ID	..NO.....	..NO.....						
14.	Illinois.....IL	..NO.....	..NO.....						
15.	Indiana.....IN	..NO.....	..NO.....						
16.	Iowa.....IA	..NO.....	..NO.....						
17.	Kansas.....KS	..NO.....	..NO.....						
18.	Kentucky.....KY	..NO.....	..NO.....						
19.	Louisiana.....LA	..NO.....	..NO.....						
20.	Maine.....ME	..NO.....	..NO.....						
21.	Maryland.....MD	..NO.....	..NO.....						
22.	Massachusetts.....MA	..NO.....	..NO.....						
23.	Michigan.....MI	..NO.....	..NO.....						
24.	Minnesota.....MN	..NO.....	..NO.....						
25.	Mississippi.....MS	..NO.....	..NO.....						
26.	Missouri.....MO	..NO.....	..NO.....						
27.	Montana.....MT	..NO.....	..NO.....						
28.	Nebraska.....NE	..NO.....	..NO.....						
29.	Nevada.....NV	..NO.....	..NO.....						
30.	New Hampshire.....NH	..NO.....	..NO.....						
31.	New Jersey.....NJ	..NO.....	..NO.....						
32.	New Mexico.....NM	..NO.....	..NO.....						
33.	New York.....NY	..NO.....	..NO.....						
34.	North Carolina.....NC	..NO.....	..NO.....						
35.	North Dakota.....ND	..NO.....	..NO.....						
36.	Ohio.....OH	..NO.....	..NO.....						
37.	Oklahoma.....OK	..NO.....	..NO.....						
38.	Oregon.....OR	..NO.....	..NO.....						
39.	Pennsylvania.....PA	..NO.....	..NO.....						
40.	Rhode Island.....RI	..NO.....	..NO.....						
41.	South Carolina.....SC	..NO.....	..NO.....						
42.	South Dakota.....SD	..NO.....	..NO.....						
43.	Tennessee.....TN	..NO.....	..NO.....						
44.	Texas.....TX	..NO.....	..NO.....						
45.	Utah.....UT	..NO.....	..NO.....						
46.	Vermont.....VT	..NO.....	..NO.....						
47.	Virginia.....VA	..NO.....	..NO.....						
48.	Washington.....WA	..NO.....	..NO.....						
49.	West Virginia.....WV	..NO.....	..NO.....						
50.	Wisconsin.....WI	..NO.....	..NO.....						
51.	Wyoming.....WY	..NO.....	..NO.....						
52.	American Samoa.....AS	..NO.....	..NO.....						
53.	Guam.....GU	..NO.....	..NO.....						
54.	Puerto Rico.....PR	..NO.....	..NO.....						
55.	U.S. Virgin Islands.....VI	..NO.....	..NO.....						
56.	Canada.....CN	..NO.....	..NO.....						
57.	Aggregate Other alien.....OT	..XXX.....	..XXX.....	.....0	.....0	.....0	.....0	.....0	.....0
58.	Subtotal.....	..XXX.....	..XXX.....	.....48,700,913	.....517,564	.....0	.....0	.....0	.....0
59.	Reporting entity contributions for Employee Benefit Plans.....	..XXX.....	..XXX.....						
60.	Total (Direct Business).....	..XXX.....	(a).....1	.....48,700,913	.....517,564	.....0	.....0	.....0	.....0

DETAILS OF WRITE-INS						
5701.	.....				
5702.	.....				
5703.	.....				
5798.	Summary of remaining write-ins for line 57 from overflow page.....	.....0	.....0	.....0	.....0	.....0
5799.	Total (Lines 5701 thru 5703 plus 5798) (Line 57 above).....	.....0	.....0	.....0	.....0	.....0

Explanation of basis of allocation by states, premiums by state, etc.

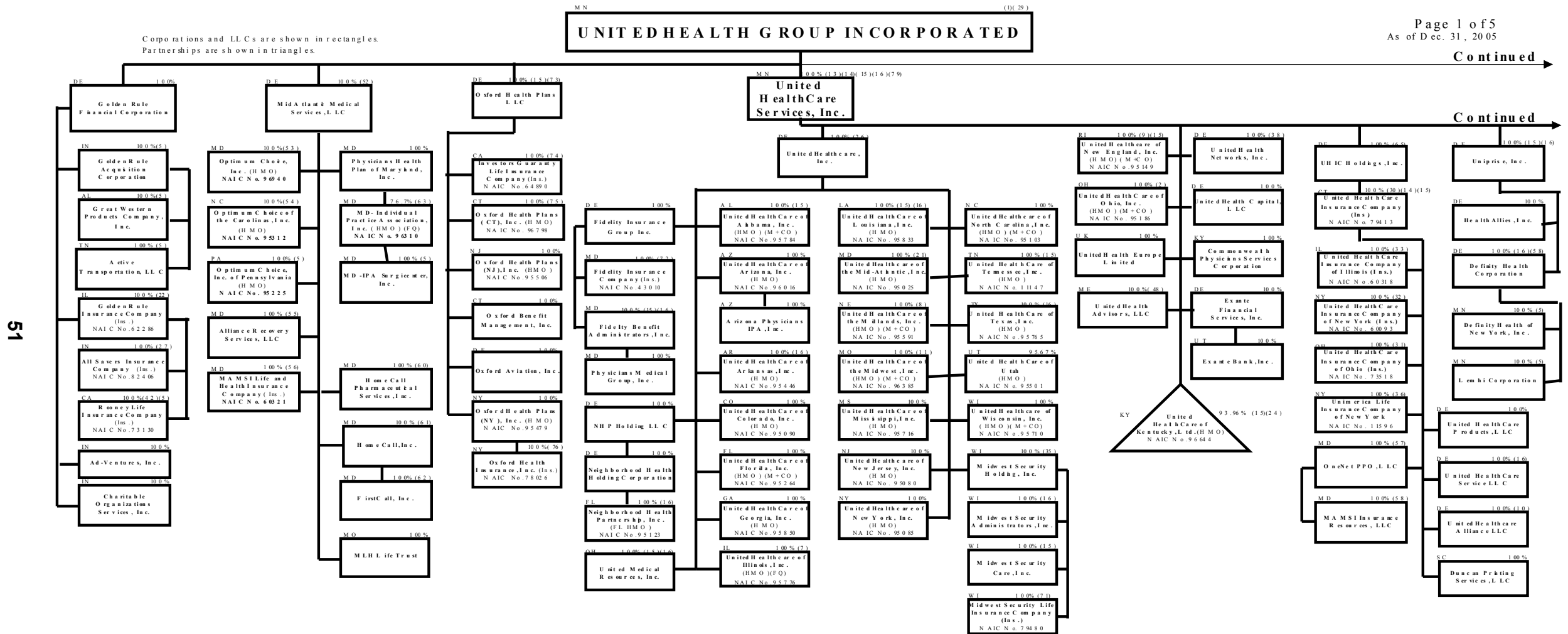
(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE T - PART 2
INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

States, Etc.			Direct Business Only				6 Totals	
			1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)		5 Deposit-Type Contracts
1.	Alabama.....	AL						0
2.	Alaska.....	AK						0
3.	Arizona.....	AZ						0
4.	Arkansas.....	AR						0
5.	California.....	CA						0
6.	Colorado.....	CO						0
7.	Connecticut.....	CT						0
8.	Delaware.....	DE						0
9.	District of Columbia.....	DC						0
10.	Florida.....	FL						0
11.	Georgia.....	GA						0
12.	Hawaii.....	HI						0
13.	Idaho.....	ID						0
14.	Illinois.....	IL						0
15.	Indiana.....	IN						0
16.	Iowa.....	IA						0
17.	Kansas.....	KS						0
18.	Kentucky.....	KY						0
19.	Louisiana.....	LA						0
20.	Maine.....	ME						0
21.	Maryland.....	MD						0
22.	Massachusetts.....	MA						0
23.	Michigan.....	MI						0
24.	Minnesota.....	MN						0
25.	Mississippi.....	MS						0
26.	Missouri.....	MO						0
27.	Montana.....	MT						0
28.	Nebraska.....	NE						0
29.	Nevada.....	NV						0
30.	New Hampshire.....	NH						0
31.	New Jersey.....	NJ						0
32.	New Mexico.....	NM						0
33.	New York.....	NY						0
34.	North Carolina.....	NC						0
35.	North Dakota.....	ND						0
36.	Ohio.....	OH						0
37.	Oklahoma.....	OK						0
38.	Oregon.....	OR						0
39.	Pennsylvania.....	PA						0
40.	Rhode Island.....	RI						0
41.	South Carolina.....	SC						0
42.	South Dakota.....	SD						0
43.	Tennessee.....	TN						0
44.	Texas.....	TX						0
45.	Utah.....	UT						0
46.	Vermont.....	VT						0
47.	Virginia.....	VA						0
48.	Washington.....	WA						0
49.	West Virginia.....	WV						0
50.	Wisconsin.....	WI						0
51.	Wyoming.....	WY						0
52.	American Samoa.....	AS						0
53.	Guam.....	GU						0
54.	Puerto Rico.....	PR						0
55.	US Virgin Islands.....	VI						0
56.	Canada.....	CN						0
57.	Aggregate Other Alien.....	OT						0
58.	Totals.....		0	0	0	0	0	0

NONE

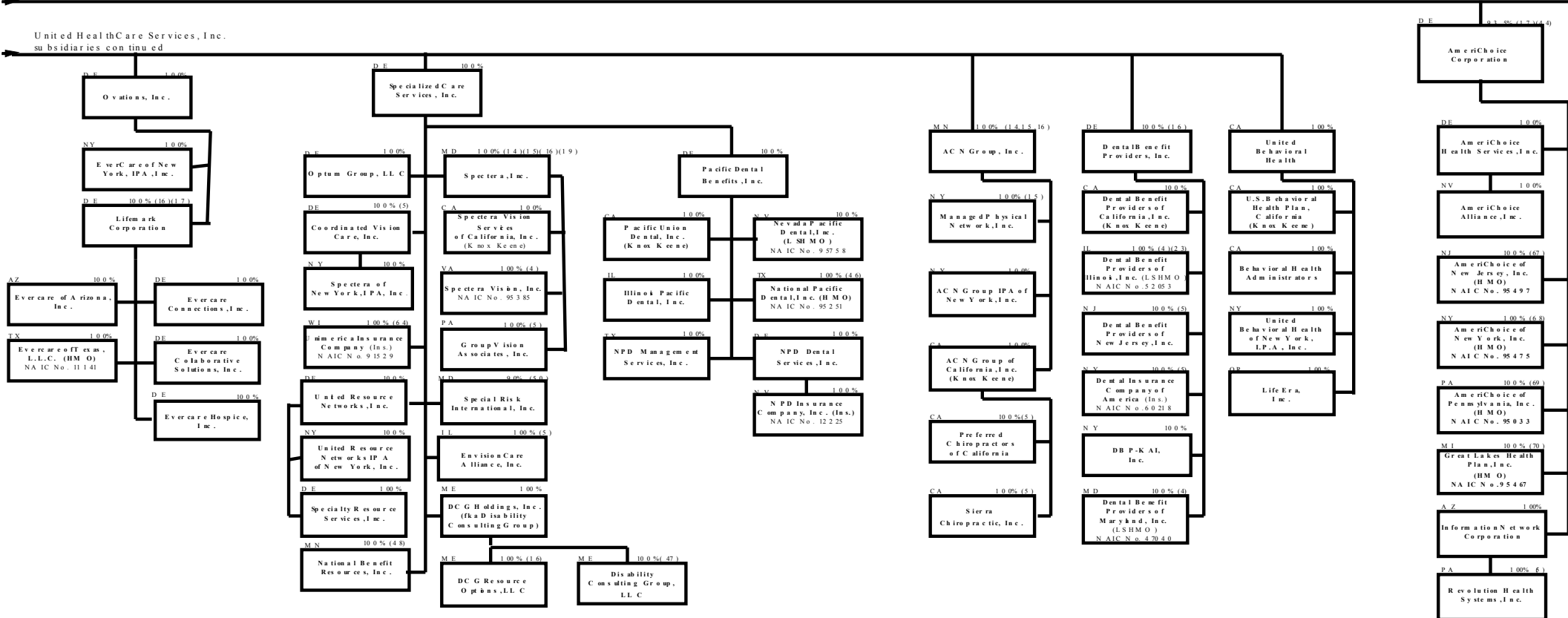
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

UnitedHealth Group Incorporated
subsidiaries continued

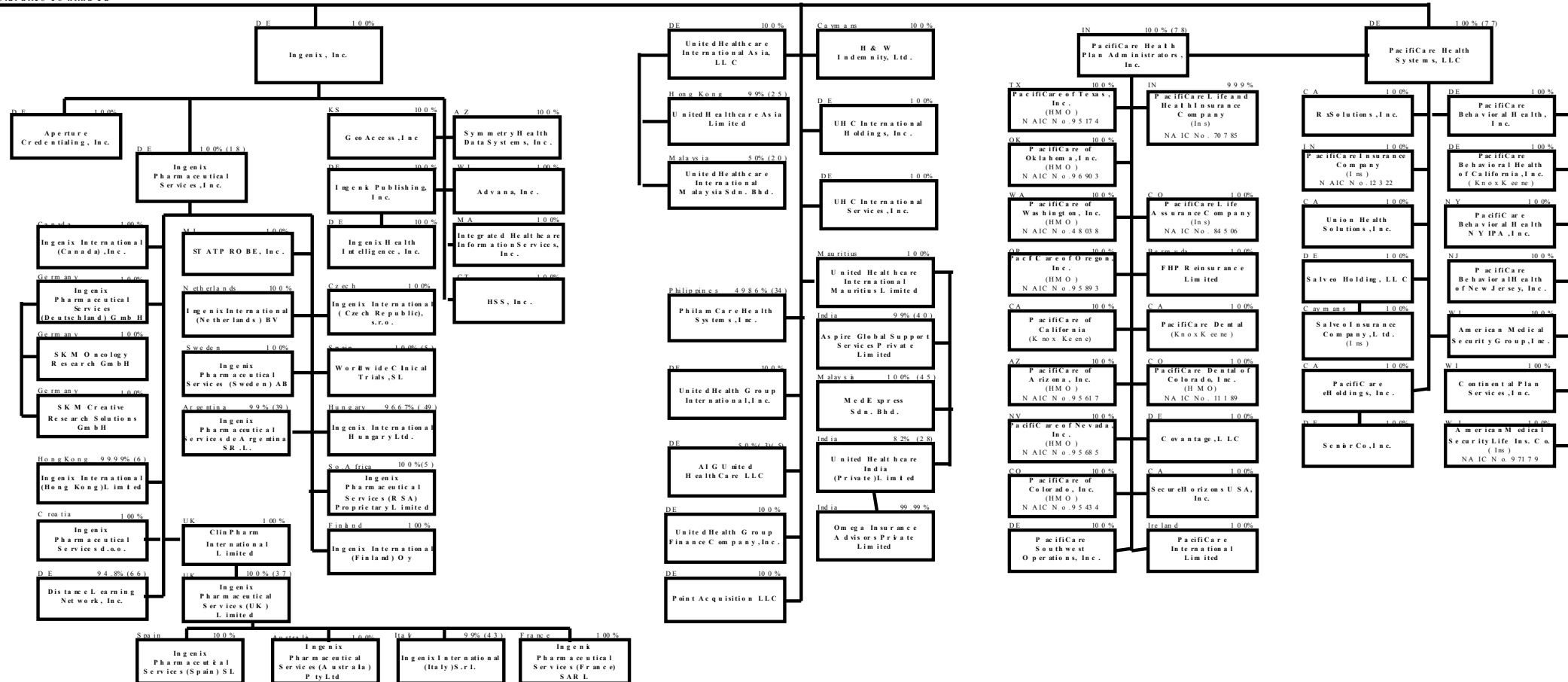
C o n t i n u e d

United HealthCare Services, Inc.
subsidiaries continued

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

UnitedHealth Group Incorporated
subsidiaries continued

51.3

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

51.4

- 12 UnitedHealth Group Incorporated** (‘UHG’) (d/b/a UnitedHealth Group) is a Minnesota corporation whose shares of common stock are listed on the NYSE (i.e., it is publicly held). Name was changed from United HealthCare Corporation on March 6, 2000. It only does business in MN. It is the ultimate parent company of all the other UnitedHealth Group entities. It is not licensed as anything, i.e., it is not an HMO, insurance company, TPA, PPO, etc. It is a holding company. It should not be the party to any contract except for certain limited situations. This is not the entity that (i) manages or directly owns the HMOs (that is, for the most part, United HealthCare Services, Inc. (‘UHS’) for management and UHS or UnitedHealthcare, Inc. for ownership), or (ii) offers the ASO, PPO, or other products (that is usually United HealthCare Insurance Company).
- (2) d/b/a: Western Ohio Health Care Corporation; also licensed in Kentucky.
- (3) 50% is held by American International Group, Inc.
- (4) Limited or single service health Plan ("LSHMO"). Spectera Vision, Inc. is licensed as LSHMO in VA and IN.
- (5) This entity will dissolve or merge with another UHG legal entity, subject to any required regulatory approval.
- (6) Ingenix, Inc. owns .01%. Established a representative office in Beijing, China.
- (7) United HealthCare of Illinois, Inc. (DE domicile) merged into UnitedHealthcare (Newco), Inc. (IL domicile) in order to redomesticate to IL and changed its name to UnitedHealthcare of Illinois, Inc. effective 5/31/02. Also licensed in Indiana.
- (8) Licensed in Iowa and Nebraska.
- (9) Licensed in Rhode Island and Massachusetts.
- (10) UnitedHealthcare of Minnesota, Inc. merged into UnitedHealthcare Alliance LLC effective 12/31/02. This LLC holds the intangible assets of UnitedHealthcare and is the employer of its top management.
- (11) Licensed in Missouri, Illinois and Kansas.
- (12) Intentionally left blank.
- (13) United HealthCare Services, Inc.** (‘UHS’) (formerly UHC Management Company, Inc. and before that Charter Med, Inc.) is a Minnesota corporation and wholly owned subsidiary of UnitedHealth Group. It is the technical employing entity (i.e., it files the payroll taxes in the 50 states) for substantially all UnitedHealth Group personnel. It is qualified to do business in all 50 states, the District of Columbia and Puerto Rico. It is not licensed as an HMO or an insurance company but is licensed in numerous states as a TPA or UR agent. It is the management company for almost all the health plans and the insurance companies. It owns most of the assets (i.e., desks, computers etc.) used by all employees. It rents most of the space used by all UnitedHealth Group entities and people. Many of the specialty businesses, i.e., Evercare, URN, Optum, Uniprise, Healthmarc, etc., operate as divisions/dbas of UHS, rather than separate legal entities (though there may be a shell bearing a similar name). UHS is the entity that should be the party to the facilities, supply or other contracts that are for UnitedHealth Group generally. See p. 5 for UHS assumed/fictitious names.
- (14) Licensed as a PPO or MCO in one or more states.
- (15) Licensed as a UR Agent in one or more states.
- (16) Licensed as a TPA in one or more states. (Called ‘Independent adjuster’ in New York.)
- (17) ‘AmeriChoice’ is being filed as an assumed name for Lifemark Corporation in California, Indiana, and Michigan. See next page for its UHS filings.
- (18) registered either a DBA, TradeName or Trade Mark of ‘3 Research,’ ‘3 Magnifi,’ and/or ‘3 Drug Safety’ in several states
- (19) Also has dba of: Care Programs
- (20) Other 50% is owned by UnitedHealthcare Asia Limited currently, but UnitedHealthcare International Asia, LLC will own 99% and UnitedHealthcare Asia Limited will own 1% after additional shares are issued.
- (21) Also licensed in Virginia and the District of Columbia. United HealthCare of Virginia, Inc. merged into it effective 12/31/01 on approval of VA BOI, MIA, & MD DAT (later filing by VA Corp.Comm.).
- (22) Licensed as a life and health insurance company in AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, GU, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, & WY.
- (23) Licensed as HMO or LSHMO in FL, IN, IL, MO, & VA.
- (24) General partnership interests are held by UHS (89.77%) and its wholly owned subsidiary, Commonwealth Physician Services Corporation (10.23%). UHS also holds 99.5% of the limited partnership interests (198.5 units). Dr.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

515

- Back, an unaffiliated party, owns 0.5% of the limited partnership interests (1 unit). When combining general partner and limited partner interests, UHS owns 93.96%, Commonwealth Physician Services Corporation owns 5.83% (for a combined 99.78% ownership) and Dr. Back owns 0.22% of the entire partnership. (All numbers are rounded to two decimal points.) Licensed as an HMO in Kentucky and Indiana. Has to use the name United HealthCare of Kentucky, L.P. in Indiana.
- (25) A Hong Kong private limited liability company owned 99% by UnitedHealthcare International Asia, LLC and 1% by UnitedHealthcare International, Inc.
- (26) d/b/a: UnitedHealthcare, Inc., a Corporation of Delaware (obtained for use in Oklahoma).
- (27) Licensed as a life and health insurance company in AK, AR, CO, DE, DC, FL, GA, ID, IL, IN, IA, KS, KY, LA, MD, MI, MS, MT, NE, ND, OH, OK, OR, PA, SC, SD, TN, TX, WV, WI & WY.
- (28) 18% owned by Nimish Parekh, a resident of India.
- (29) UHG is the sole member of the United Health Foundation, a MN non-profit organization.
- (30) **United HealthCare Insurance Company** ("UHI") is a Connecticut domestic life & health insurance company that is licensed as an insurance company in 49 states (not New York), District of Columbia , Puerto Rico, Guam the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands with an application pending in American Samoa. This entity offers a variety of products including EPO, PPO, ASO/self-funded, and indemnity.
- (31) Licensed in Ohio only.
- (32) Licensed in New York and the District of Columbia.
- (33) Licensed in Illinois only. Voluntarily surrendered COA in Florida.
- (34) PhilamCare Health Systems, Inc. is 49.86% owned by PhilamLife and .28% owned by various individuals.
- (35) Formerly known as R.W. Houser, Inc.
- (36) Licensed in NY for life, annuities, and accident & health. Formerly named United HealthCare Life Insurance Company of New York.
- (37) Branches in Republic of South Africa, Croatia, and Germany. Withdrew from Sweden on April 19, 2002, Hungary on Jan. 2, 2001, and the Netherlands on December 31, 2003.
- (38) Assumed names for UnitedHealth Networks, Inc. that must be used in the states listed below: NH (UHN UnitedHealth Networks), TX (UHN UnitedHealth Networks, Inc.), NY (United Networks), OH & OR (UnitedHealth Network, Inc., a Corporation of Delaware)
- (39) Ingenix Pharmaceutical Services (UK) Limited owns 1%.
- (40) UnitedHealthcare International, Inc. owns remaining 1%.
- (41) BMJ Publishing Group Limited owns 50%.
- (42) Licensed as a life and health insurance company in CA & IL.
- (43) One percent owned by ClinPharm International Ltd.
- (44) Around 6.5% of the shares are owned by AmeriChoice management, which United will acquire after five years from Sept. 2002 acquisition, subject to certain acceleration events. AmeriChoice has the following inactive affiliate that will be merged or dissolved as soon as practicable: AmeriChoice Behavioral Healthcare, Inc.
- (45) 49% owned directly and 51% controlled through individual nominee shareholders from whom we have powers of attorney.
- (46) Also licensed as an insurance co. in MD, though HMO in TX domicile
- (47) Licensed as a reinsurance intermediary in some states
- (48) Licensed as a producer in most states.
- (49) 3.33% held by Ingenix, Inc.
- (50) 10% owned by various members of the Koch family
- (51) Intentionally left blank
- (52) Mid Atlantic Medical Services, Inc. merged into Mid Atlantic Medical Services, LLC (formerly MU Acquisition LLC) upon acquisition by UnitedHealth Group, with Mid Atlantic Medical Services, LLC as the survivor. It also has the HomeCall Hospice Services Foundation, Inc. It is the sole member of several real estate LLCs: Hillcrest, LLC; Frederick Associates, LLC; 3 Taft Court Associates, LLC; 3-1/2 Taft Court Associates, LLC; Hillcrest Plaza II, LLC; 1&2 Taft, LLC; and 6 Taft LLC.
- (53) Licensed as an HMO in DC, DE, MD, VA, & WV
- (54) Licensed as an HMO in NC & SC

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- (55) Licensed as a Collection Agency in several states
- (56) Licensed as a Life, Accident & Health Insurance Company in AL, AR, AZ, CO, DC, DE, GA, HI, ID, IL, IN, KS, KY, LA, MD, MS, MO, NE, NV, NM, NC, ND, OK, PA, SC, SD, TN, TX, UT, VA, & WV
- (57) Formerly named Alliance PPO, LLC when it was a subsidiary of MAMSI Life and Health Ins. Co.
- (58) Licensed as a Producer in several states
- (59) Licensed as a Hospice in MD & VA
- (60) Licensed as a Pharmacy in many states
- (61) JCAHCO; Medicare certification; licensed in MD for nursing, home health aides, physical, occupational & speech therapy, medical social work, home health, & laboratory
- (62) JCAHCO, licensed in MD for residential service, agency skilled nursing & aides, and home health services
- (63) 23.3% owned by Mid Atlantic Medical Services, LLC. Licensed as an HMO in DC, MD, & VA
- (64) Licensed as a Life, Accident & Health Insurance Company countrywide, except in NY(Unimerica Life Insurance Company of New York is licensed in NY).
- (65) Former name was Unimerica, Inc.
- (66) 5.2% owned collectively by Eric Porterfield, and Anthony Cepullio
- (67) Licensed as an HMO in NJ
- (68) Licensed as an HMO in NY
- (69) Licensed as an HMO in PA
- (70) Licensed as an HMO in MI
- (71) Licensed as a life, accident & health insurance company in AK, AR, AZ, CO, DE, IA, ID, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, NM, NV, OH, OK, OR, SC, SD, TX, UT, WA, & WI
- (72) Licensed as an accident & health insurance company in DC, MD (health only), & PA
- (73) Survivor of merger with Oxford Health Plans, Inc. Former name was Ruby Acquisition, LLC. NAIC Group Code of regulated subsidiaries was 1182 prior to acquisition. Three non-stock Political Action Committees: Oxford Health Plans, Inc. Committee for Quality Health Care, Inc., Oxford Health Plans, Inc. (CT) Committee for Quality Health Care, Inc., and Oxford Health Plans, Inc. (NY) Committee for Quality Health Care, Inc., all DE corps. Licensed as an insurance agency in NY dba The Oxford Agency.
- (74) Licensed in 47 states and the District of Columbia. Not licensed in CT, NY, or VT.
- (75) Licensed as a Health Care Center (HMO) in CT with a Limited License for less than 5,000 members in RI.
- (76) Licensed as an insurance company in CT, NJ, NY, & PA.
- (77) Formerly named Point Acquisition, LLC, the survivor of the merger with PacifiCare Health Systems, Inc., which enabled the acquisition of PacifiCare. Also owns 21.1% of Alere Medical Incorporated, a CA corporation, including 16,068,245 shares of non-voting preferred stock and warrants to purchase an additional 1 million shares of non-voting preferred stock.
- (78) Sole member of PacifiCare Health Systems Foundation, a CA nonprofit corporation.
- (79) United HealthCare Services, Inc.ſ filed assumed names/dbas include (continuation of footnote 13):
 - AmeriChoice (FL, IL, IN, MD, NE, RI)
 - Center for Health Care Policy and Evaluation (MN)
 - Charter HealthCare, Inc. (NM, RI)
 - Employee Performance Design (IL, KY, MN, NE, OR)
 - EverCare (numerous states)
 - GenCare PPO (IL, MO)
 - Health Professionals Review (ME)
 - HealthCare Evaluation Services (MN)
 - Healthmarc
 - HealthPro (AK, CT, IL, KY, MA, OH)

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- Institute for Human Resources (FL, OR, WA)
- Managed Care for the Aged (MN)
- Optum (MN, CA)
- Personal Decision Services (MN)
- UHC Management & Administrators (CA)
- UHC Management (VT)
- UHC Management Company (AK, MA, NH, UT, WV)
- UHC Management Company, Inc. (AL, AZ, AR, CA, CO, CT, DE, FL, GA, ID, IL, IN, IA, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NJ, ND, OH, OR, PA, RI, SD, TN, TX, VA, WA)
- UHC of Illinois Inc. (IL)
- UHC of Missouri and United HealthCare of Missouri (MO)
- UMC Management Company, Inc. (OH)
- United HealthCare (MA, UT)
- United HealthCare Corporation (AZ, AR, CA, CO, CT, DE, FL, GA, ID, IN, IA, KY, LA, ME, MD, MO, MT, NC, ND, NE, NJ, OH, OR, RI, SD, TX, WA)
- United HealthCare Management (VT)
- United HealthCare Management Company, Inc. (IL, MI, OK, PA, TN, VA)
- United HealthCare Management Services (PA, NY)
- United HealthCare of Illinois, Inc. (IL)
- United HealthCare Services of Minnesota (NH)
- United HealthCare Services of Minnesota, Inc. (AR, FL, IL, OK, RI, SD, VT, WV)
- United Resource Networks (CA, GA, IL, IN, IA, MD, MI, MN, MO, NE, NY, NC, RI, UT)
- United Resource Networks, Inc. (CO, TN)
- UnitedHealth Group Incorporated (CA)